



Exporter Verification Report

Verification & Case Details

Initiation Date	17 February 2020	ADN:	2020/013
Case Number	542		
The goods under consideration	Aluminium Micro-Extrusions		
Case type	Investigation		
Exporter	Guangdong Jiangsheng Aluminium Co. Ltd.		
Verification	Desktop Verification		
Investigation Period	1 January 2019 to 31 December 2019		

THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED THEREIN WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY NOT REFLECT THE FINAL POSITION OF THE ANTI-DUMPING COMMISSION

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PREFACE

This report details the findings, analysis, evidence relied upon and reasoning on key verification outcomes of data submitted to the Anti-Dumping Commission (Commission) by the verification team for publication on the public record.

It provides interested parties with information regarding all material aspects of the verification, including explanations of any material issues identified during the verification. It outlines the nature, extent and consequences of any changes made to the data submitted, including data corrections made by the company or by the verification team.

Verification teams are authorised to conduct verifications under section 269SMG and 269SMR of the *Customs Act 1901* (the Act).¹

¹ References to any section in this report relate to provisions of the Act, unless specifically stated otherwise.

1 COMPANY BACKGROUND

1.1 Corporate Structure and Ownership

Guangdong Jiangsheng Aluminium Company Limited (Guangdong Jiangsheng or the company) is a limited liability company (or wholly foreign owned enterprise) located in the Xihu Demonstrative Development Zone, Taishan, Guangdong, P.R. China (China). Guangdong Jiangsheng is wholly owned by Jiangmen Shengyuan Investment Co Ltd, which is in turn wholly owned by Jiangsheng Investment Limited.

Guangdong Jiangsheng is an integrated producer of aluminium extrusions with different finishes, alloy content and temper grades. Guangdong Jiangsheng sells the products in its domestic market, and exports through its wholly owned Australian branch, Guangdong Jiangsheng Aluminium (Australia) Pty Ltd (Jiangsheng Australia) to its Australian customers. Guangdong Jiangsheng was previously known as TaiAo Aluminium Co Ltd. Similarly, the company's Australian branch was previously known as Tai-Ao Aluminium (Australia) Pty Ltd.

1.2 Related Parties

The verification team examined the relationships between Guangdong Jiangsheng and parties involved in the manufacture and sale of the goods.

1.2.1 Sales via a domestic trader

For a proportion of its Australian sales, Guangdong Jiangsheng produced the goods that were exported via a domestic trader, Jiangmen Jianghai District Foreign Economic Enterprise Corp Limited (Jiangmen Jianghai); the verification team has found that the goods have not been purchased by the importer from the exporter in these instances. Therefore, the verification team considers that these sales should be treated as exports to Australia by Guangdong Jiangsheng and related cost has been adjusted.²

1.2.2 Related suppliers

The verification found that the company only purchased raw materials from unrelated suppliers during the investigation period.

1.2.3 Related customers

The verification team found that, during the investigation period, Guangdong Jiangsheng only made domestic sales of the goods to unrelated parties.

1.3 Accounting records

Guangdong Jiangsheng provided audited financial statements. The accounting period for the company is 1 January to 31 December. The company complies with

² More details refer chapters 7.4 and 9.1.

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the taxation bureau's mandatory reporting requirements by providing quarterly financial statements.

Therefore, the verification team considers that the accounting records held by the company are in accordance with the generally accepted accounting principles (GAAP) of China.

2 THE GOODS AND LIKE GOODS

2.1 Production Process

Guangdong Jiangsheng purchases aluminium ingot, which undergoes the following process to produce the goods and like goods.

- Aluminium ingot is smelted and cast/extruded into aluminium bar.
- Aluminium bar then goes through a quenching and ageing process.
- Mill – Aluminium bar is then heated and extruded through a die to produce an aluminium extrusion of the desired shape.
- Finishing – the aluminium extrusions are then either:
 - Anodized – with some going through electrophoresis
 - Coated – powder or chrome coated
 - Further processed (punching, cutting, insulating); or
 - Packed for distribution.

2.2 Model Control Codes (MCCs)

Guangdong Jiangsheng provided sales and cost data in its response to the exporter questionnaire (REQ) in accordance with the model control code (MCC) structure detailed in Anti-Dumping Notice (ADN) No. 2020/013.³

Guangdong Jiangsheng provided sales and cost data in its response to the exporter questionnaire (REQ) in accordance with the MCC structure detailed in ADN No. 2020/013.

Category	Determination of the sub-category
Form	Whether the goods are fly screen or hollow. (F or H)
Finish	Aluminium extrusions exported to Australia during the investigation period were classified into mill finished, anodised, bright dip anodised and powder coated. Aluminium extrusions sold domestically during the investigation period were classified into mill finished, anodised, Bright Dip anodised and powder coated.
Grade	Product exported to Australian market are complied with AS standards AS1866. Product sold in domestic market can varied as per temper grade.

Table 1 MCC Sub-Category determination

2.2.1 Amendments to MCCs

The verification team noted that Guangdong Jiangsheng was not able to provide its costs data as per MCC but as per the finish types. More details can be found in chapter 5.

³ [ADN 2020/013](#) refers

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Export sale (MCC)	Export Cost (as per finish)	Domestic sale (MCC)	Domestic Cost (as per finish)
FA	Anodised	HA	Anodised
FM	Mill	HM	Mill
FP	Powder coated		
HA	Anodised		
HM	Mill		
HP	Power coated		
HO	Bright dip anodised		

Table 2 Amendments to MCC

Based on analysis of the price comparability of the goods under consideration, the verification team considers it is not necessary to make amendments to the MCC structure.

2.3 The goods exported to Australia

The verification team was satisfied that Guangdong Jiangsheng produced and exported the goods to Australia. Guangdong Jiangsheng exported the goods to Australia with the following MCCs during the period:

MCCs exported to Australia
FA
HA
FM
HM
FP
HP

Table 3 MCC's exported to Australia

2.4 Like goods sold on the domestic market

The verification team was satisfied that Guangdong Jiangsheng sold like goods in the domestic market.

The verification team considers that the goods manufactured for domestic consumption are identical to, or have characteristics closely resembling, the goods exported to Australia, as they:

- are not distinguished from the exported goods during production (the exported goods and goods sold on the domestic market are produced in the same way, subject to individual customer specifications, and the costs of production for models sold domestically and for export are the same);

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- are produced at the same facilities, using the same raw material inputs and manufacturing processes;
- compete in the same market sector, are interchangeable and use similar distribution channels; and
- can be considered functionally alike, as they have similar end uses.

Guangdong Jiangsheng sold like goods on the domestic market with the following MCCs during the period:

MCCs sold domestically
HA
HM

Table 4 MCC's sold domestically

2.5 Like goods – assessment

The verification team considers that the goods produced by Guangdong Jiangsheng for domestic sale have characteristics closely resembling those of the goods exported to Australia and are therefore 'like goods' in accordance with section 269T(1) of the Act.

3 VERIFICATION OF SALES COMPLETENESS AND RELEVANCE

Verification of relevance and completeness is conducted by reconciling selected data submitted "upwards" through management accounts up to audited financial accounts. The total sales value and quantity is reconciled to management reports with particular attention given to ensuring that all relevant transactions are included and irrelevant transactions are excluded. The total value from the management reports is then reconciled to the total revenue figure reported in the audited income statement.

The verification team verified the completeness and relevance of the export and domestic sales listings provided in the REQ by reconciling these to audited financial statements in accordance with ADN No. 2016/30.

The verification team verified the relevance and completeness of the sales data as follows:

General category goods-Aluminium extrusions

- Using income statements from 2019, the total company revenue was reconciled for the investigation period.
- This amount was then reconciled through to the principal revenue ledger.
- Using this revenue ledger, the verification team was then able to reconcile sales value and quantity to the general category of goods, domestic sales, Australian sales and third country sales.

There were some variations due to timing differences of value added tax (VAT) payments, which were clarified by the company and deemed as immaterial by the verification team.

Goods under consideration

The verification team understands that the GUC is a subset⁴ product group of general aluminium extrusions of all sizes. Both have been classified under the same tariff code. The exporter normally sells the goods within its general aluminium product range to both domestic and overseas customers.

In order to reconcile the value and volume of the GUC, during the verification Guangdong Jiangsheng explained that in identifying the goods, they followed the following process:

- Based on the goods description, consistent with the GUC definition, Guangdong Jiangsheng selected a filter in its production system, being die reference, die type and section mass.
- Used the total sales ledger, Guangdong Jiangsheng separated Australian Sales, Domestic Sales and Third country sales for the verification purpose. In

⁴ Case 542 [Consideration report](#) page 29 refers.

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these sales listing sheets, a GUC filter is used to distinguish between GUC and Non-GUC.

- Reconciled the sales ledger and related source documents to confirm the related sale.
- Provided GUC and Non-GUC section drawings for the verification team's reference.

A substantial amount of source documents have been provided to the verification team to ensure the classification of the GUC was accurate and reliable. Further details are provided in chapter 4.

Based on the information available, the verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

3.1 Sales completeness and relevance finding

The verification team is satisfied that the sales data provided by Guangdong Jiangsheng is complete and relevant.

4 VERIFICATION OF SALES ACCURACY

The accuracy of data is verified by reconciling selected data submitted "downwards" to source documents. This part of verification involves the process of agreeing the volume, value and other key information fields within the sales data down to source documents. This verifies the accuracy of the data.

The verification team verified accuracy of the export and domestic sales listings submitted in the REQ by reconciling these to source documents in accordance with ADN No. 2016/30.

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

4.1 Exceptions during verification of sales accuracy

No.	Exception	Resolution
1	Negative sales in Domestic sales	The negative quantities and values relate to domestic sales that were delivered but rejected by the customer for quality issues or defects. The rejected goods would typically be returned and replaced with new product. The verification team matched negative value sales where they could be matched to a positive transaction and excluded the remaining sales without a matching replacement.

Table 5 Exceptions during the verification of sales accuracy

4.2 Sales accuracy finding

The verification team is satisfied that the sales data provided by Guangdong Jiangsheng, including any required amendments as outlined in the exception table above, is accurate. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

5 VERIFICATION OF COST TO MAKE AND SELL (CTMS) COMPLETENESS AND RELEVANCE

Verification of relevance and completeness is conducted by reconciling selected data submitted "upwards" through management accounts up to audited financial accounts. The total cost to make data is reconciled to the cost of production in the management reports with particular attention given to ensuring that all relevant costs are included and irrelevant costs have been excluded. The cost of production data is then reconciled, through relevant account ledgers, to the cost of goods sold figure reported in the audited income statement. Additionally, selling, general and administration (SG&A) expenses are reconciled to income statements, with particular attention given to specific expenses that were excluded or should be excluded.

The verification team verified the completeness and relevance of the cost to make and sell (CTMS) information provided in the REQ by reconciling it to audited financial statements in accordance with ADN No. 2016/30.

The verification team verified the relevance and completeness of the cost data as follows:

General category of goods – Aluminium extrusions

- The verification team traced the total costs in the cost listing through monthly statements of amounts and balances in the financial records, to reconcile to the audited financial statements of 2019.
- The verification team reconciled the cost of goods sold to the cost to make (CTM) in the investigation period through finished goods ledger balances.
- The verification team is satisfied that domestic and export CTM is largely the same regardless of the market of the end customer.
- Using income statements from 2019, the total company revenue was reconciled for the investigation period.
- Using the revenue ledger, the verification team was then able to reconcile sales value and quantity to the general category of goods, domestic sales, and Australian sales.

Goods under consideration

The verification team understands that the GUC is a subset⁵ product group under general aluminium extrusions. As a result the exporter costs the goods within its general aluminium product range to customers both domestic and overseas.

In order to reconcile the CTM of the GUC, during the verification, Guangdong Jiangsheng explained that:

- The company operates 19 extrusion presses. Of these 19, the smaller 690T extruders are used to make the GUC and other non-subject goods such as solid profiles.

⁵ Case 542 [Consideration report](#) page 29 refers.

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- Guangdong Jiangsheng tracks costs of its mill finish (and other three) workshops and is able allocate actual costs of raw materials used to each extrusion it manufactures, including the GUC.
- Labour is allocated by actual consumption of each specific workshop.
- Manufacturing overheads are allocated based on the weight of extrusions produced as the company does not internally distinguish between micro and general aluminium extrusions.

The verification team is able to reconcile the cost upwards to all aluminium extrusions by allocating actual raw material and labour costs, and allocating manufacturing overheads by weight. The verification team also conducted detailed analyses and comparisons with the other subject exporter's cost allocation method. Based on the information available, the verification team is satisfied with Guangdong Jiangsheng's responses.

The verification team verified the relevance and completeness of the SG&A data as follows:

- Guangdong Jiangsheng allocated SG&A to each MCC using the Commission's standard method (as per the formulas in G-4.2 of the REQ). The verification team reviewed the calculation methodology and considers it to be accurate.
- The SG&A listing was then verified to trial balance accounts for the investigation period and then to the 2019 audited financial statements.

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

5.1 Completeness and relevance finding of CTMS data

The verification team is satisfied that the CTMS data provided in the REQ by Guangdong Jiangsheng is complete and relevant.

6 VERIFICATION OF COST TO MAKE AND SELL (CTMS) ACCURACY
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6.1 Cost allocation method

The verification team verified the reasonableness of the method used to allocate the cost information provided in the REQ to the relevant MCCs, in accordance with ADN No. 2016/30.

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

Table 6 below outlines the allocation method applied to each cost item.

Cost item	Method applied
Raw Materials	Recorded to each workshop based on actual consumption.
Other material costs	Recorded to each workshop based on actual consumption.
Manufacturing Overheads (including electricity, natural gas)	Recorded to each workshop based on actual consumption. The company allocated overheads by weight except for powder coating. Powder coating cost is allocated by area.
Direct labour cost	Includes the salary of employees in each workshop and is recorded to each workshop based on actual consumption.
Other costs (depreciation, maintenance, die cost, welfare, travel expense & water expenses)	Recorded as per unit output biases (total cost/total production) and then allocated to product
Scrap Allocation	Manufacturing scrap was recycled by being put back into the production process. The value of scrap is offset against the raw material/other material of each product and reported in the CTM data.

Table 6 Cost allocation method

6.2 Verification of Accuracy of CTMS data

The accuracy of data is verified by reconciling selected data submitted "downwards" to source documents. This part of verification involves the process of agreeing the volume, value and other key information fields within the cost data down to source documents. This verifies the accuracy of the data.

The verification team verified the accuracy of the CTMS information provided in the REQ by reconciling it to source documents in accordance with ADN No. 2016/30.

The verification team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

6.3 Exceptions during verification of accuracy of CTMS data

No.	Exception	Resolution
2	The delivery of a certain billet invoice was incurred in Jan 2020.	The verification team revised the raw material listing for billets to reflect the correct quantity and amount during the investigation period.

Table 7 Exceptions during verification of accuracy of CTMS data

6.4 Related party suppliers

Guangdong Jiangsheng only purchased materials from unrelated parties during the investigation period.

6.5 Accuracy finding

The verification team is satisfied that the CTMS data provided in the REQ by Guangdong Jiangsheng is accurate and reasonably reflect the costs associated with the production and sale of the goods under consideration.

7 EXPORT PRICE

7.1 The importers

Consistent with the onsite verification finding of case 442,⁶ the verification team notes that while Jiangsheng Australia is named as the consignee on the bill of lading and is declared as the importer on the importation declaration to the Australian Border Force, the verification team considers that Jiangsheng Australia functions as a branch of Guangdong Jiangsheng.

In addition, the verification team has found that:

- Guangdong Jiangsheng invoices the Australia customers on a DDP basis;
- Guangdong Jiangsheng recognises all the importation, delivery and office management expenses in its own accounts.

Therefore, the verification team considers Guangdong Jiangsheng to be the beneficial owner of the goods at the time of importation and therefore the importer.

7.2 The exporter

The verification team considers Guangdong Jiangsheng to be the exporter of the goods⁷, as Guangdong Jiangsheng is the manufacturer of the goods that are exported to Australia. It also arranges delivery of the goods from its manufacturing facility to the port of discharge.

The verification team is satisfied that for all Australian export sales during the period that Guangdong Jiangsheng was the exporter of the goods.

7.3 Arms length

7.3.1 Unrelated customers

In respect of Guangdong Jiangsheng's Australian sales of the goods to its unrelated customers during the period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price appeared to be influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or

⁶ REP 442, Guangdong Jiangsheng verification [report](#) Page 8 refers.

⁷ The Commission generally identifies the exporter as a principal in the transaction, located in the country of export from where the goods were shipped, that gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or its own vehicle for delivery to Australia; or a principal in the transaction, located in the country of export, that owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

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- the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.⁸

The verification team therefore considers that all export sales made by Guangdong Jiangsheng to its unrelated Australian customers during the period were arms length transactions.

7.4 Export Price – assessment

In respect of Australian sales of the goods by Guangdong Jiangsheng, the verification team found that the importer has not purchased the goods from the exporter, therefore, export prices cannot be determined under sections 269TAB(1)(a) or 269TAB(1)(b). The verification team recommends that the export price be calculated under section 269TAB(1)(c) having regard to all the circumstances of the exportation. Specifically, the verification team recommends that the export price be calculated based on the DDP invoice price paid by the Australian customers, less transport and other costs arising after exportation.

For sales of aluminium extrusions exported by Guangdong Jiangsheng through a domestic trader, the verification team has found that the goods have *not* been purchased by the importer from the exporter. Therefore, the verification team recommends that the export price be determined under section 269TAB(1)(c), having regard to all the circumstances of the exportation. Specifically, the verification team recommends that export price be established using the FOB invoice price paid by the domestic trader.

The verification team's preliminary export price calculations are at **Confidential Appendix 1**.

⁸ Section 269TAA refers.

8 DOMESTIC SALES SUITABILITY

Section 269TAC(1) provides the general rule for calculating normal value. For sales to be relevant for the purpose of section 269TAC(1), they must be sales of like goods sold in the exporter's domestic market for home consumption that are at arms length and in the ordinary course of trade (OCOT).

8.1 Arms length

8.1.1 Unrelated customers

In respect of Guangdong Jiangsheng's domestic sales of like goods to its unrelated customers during the period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price appeared to be influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, was not directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

The verification team therefore considers that all domestic sales made by Guangdong Jiangsheng to its unrelated domestic customers during the period were arm's length transactions.

8.2 Ordinary course of trade

Section 269TAAD states that domestic sales of like goods are not in the OCOT if arms length transactions are:

- unprofitable in substantial quantities over an extended period; and
- unlikely to be recoverable within a reasonable period.⁹

The verification team tested profitability by comparing the price at ex-works against the relevant cost for each domestic sales transaction.

The team then tested whether the unprofitable sales were in substantial quantities (not less than 20 per cent) by comparing the volume of unprofitable sales to the total sales volume, for each MCC over the period.

The team tested recoverability by comparing the price at ex-works against the relevant weighted average cost over the period for each domestic sales transaction.

⁹ In general, the Commission will consider 'extended period' and 'reasonable period' to be the investigation, review or inquiry period.

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The following table sets out further detail:

OCOT particulars	Details
Price	Net invoice price, excluding direct selling expenses
Cost	quarterly cost to make and sell, excluding direct selling expenses
Weighted average cost	Weighted average cost to make and sell, excluding direct selling expenses, over the period.

Table 8 OCOT details

The application for the investigation has claimed that Guangdong Jiangsheng's records do not reasonably reflect competitive market costs associated with the production or manufacture of like goods. The Commission is currently considering this claim. Therefore, the final assessment of whether domestic sales are in the OCOT has been referred to the case management team for consideration.

8.3 Suitability of domestic sales

Section 269TAC(2) provides alternative methods for calculating the normal value of goods exported to Australia where there is an absence, or low volume, of relevant sales of like goods in the market of the country of export. An exporter's domestic sales of like goods are taken to be in a low volume under section 269TAC(14) where the total volume of sales of like goods for home consumption in the country of export by the exporter is less than five per cent of the total volume of the goods under consideration that are exported to Australia by the exporter (unless the Minister is satisfied that the volume is still large enough to permit a proper comparison for the purposes of assessing a dumping margin).

The verification team have collected the necessary data to conduct a volume analysis, based on the reported costs and sales at the time of verification. The application has claimed that the market in the country of export is such that sales in that market are not suitable for use in determining a normal value under section 269TAC(1) (section 269TAC(2)(a)(ii)). The application has also claimed that exporter's records do not reasonably reflect competitive market costs associated with the production or manufacture of like goods.

The Commission is currently considering these claims. Therefore, the verification team has referred consideration of the volume of relevant sales to the case management team.

In the event that normal values are constructed, the cost of production or manufacture of the goods would be undertaken for each model having regard to the MCC structure and CTMS outlined in chapter 2.3 and chapter 5.

8.4 Profit

Where the Commission is required to calculate a normal value under section 269TAC(2)(c), an amount of profit must be worked out under section 45 of the *Customs (International Obligations) Regulation 2015* (the Regulation).

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The verification team calculated an amount of profit based on the profit achieved on domestic sales of like goods in the OCOT in accordance with section 45(2) of the Regulation.

The verification team's preliminary calculation of domestic profit is at **Confidential Appendix 3**.

9 ADJUSTMENTS

To ensure the normal value is comparable to the export price of goods exported to Australia at Free on Board (FOB) terms, the verification team has considered the following adjustments in accordance with section 269TAC(9).

9.1 Rationale and Method

Adjustment type	Assessment for adjustment	Calculation method and evidence	Claimed in REQ?	Adjustment required?
Domestic credit terms	Domestic payment terms	Weighted average number of credit days for domestic sales and short term loan rate	Y	Y
Domestic Inland transport	Inland transport expenses were incurred for domestic sales.	Based on the normal value being constructed under section 269TAC(2)(c), an adjustment for domestic inland transport is not required as the CTM is calculated at EXW level.	Y	N
Domestic packing	Adjustments required to ensure a fair comparison of FOB export price	Weighted average cost based on actual costs incurred over the period and allocated to the goods by weight.	Y	Y
Export packing	Adjustments required to ensure a fair comparison of FOB export price	Weighted average cost based on actual costs incurred over the period and allocated to the goods by weight	Y	Y
Export inland transport	Inland transport expenses were incurred for export sales of goods to Australia	Weighted average cost based on actual costs incurred over the period and allocated to the goods by weight	Y	Y
Export handling expenses	Port handling charges were incurred for export sales of the goods to Australia	Weighted average cost based on actual costs incurred over the period and allocated to the goods by weight	Y	Y
Export commission	Commission fee for sales via Jiangmen Jianghai. The agent arranges delivery and exportation for certain sales to Australia	Weighted average export commission over the investigation period for sales represented	N	Y
Australian import expenses	Australian import expenses incurred for port fees, Australian inland transport and import duties.	N/A	N	N

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	Adjustment not required to get to FOB level.			
Australian Management Fee	Management fee incurred by Jiangsheng Australia to facilitate the export to Australia.	Weighted average management fee over the investigation period.	N	Y
Non-refundable VAT	A non-refundable VAT expense was incurred for export sales of the goods to Australia	The difference between the general VAT rate less VAT refund. Applied as a weighted average cost incurred over the period and allocated to goods by weight due to different VAT applied during the review period.	N	Y
Export credit terms	Export payment terms.	Weighted average number of credit days for export sales and short term loan rate	Y	Y

Table 9 Assessment of adjustments

9.2 Adjustments

The verification team considers the following adjustments under section 269TAC(9) are necessary to ensure that the normal value so ascertained is properly compared with the export price of those goods.

Adjustment Type	Deduction/addition
Domestic credit terms	Deduct an amount for domestic credit
Domestic packing	Deduct an amount for domestic packing
Export packing	Add an amount for export packaging
Export inland transport	Add an amount for export inland transport
Export handling expense	Add an amount for export handling expense
Export commission	Add an amount for export commission
Australian management fee	Add an amount for Australian management fee
Non-refundable VAT	Add an amount for non-refundable VAT
Export credit terms	Add an amount for export credit terms

Table 10 Summary of adjustments

The verification team's preliminary adjustment calculations are included in normal value calculations at **Confidential Appendix 3**.

10 NORMAL VALUE

As stated in chapter 8, the application has claimed that the situation in the market in the country of export is such that sales in that market are not suitable for use in determining a normal value under section 269TAC(1) (section 269TAC(2)(a)(ii)). Where section 269TAC(2)(a)(ii) is satisfied, normal value may be constructed under section 269TAC(2)(c).

The verification team therefore recommends that the normal value be calculated under section 269TAC(2)(c) using the sum of:

- the CTM of the exported model based on Guangdong Jiangsheng's records in accordance with section 43(2) of the Regulation;
- SG&A on the assumption that the goods, instead of being exported, were sold domestically based on Guangdong Jiangsheng's records in accordance with section 44(2) of the Regulation; and
- an amount for profit based on data relating to the production and sale of like goods on the domestic market in the OCOT in accordance with section 45(2) of the Regulation.

In the event that a market situation is found, normal values could also be constructed under section 269TAC(2)(c) using:

- the cost to make that reasonably reflect competitive market costs in accordance with section 43(2) of the Regulation; plus
- SG&A on the assumption that the goods, instead of being exported, were sold domestically based on Guangdong Jiangsheng's records in accordance with section 44(2) of the Regulation; plus
- an amount for profit based on data relating to the production and sale of like goods on the domestic market in the OCOT in accordance with section 45(2) of the Regulation.

The verification team has not determined what effect a particular market situation finding would have on the exporter or whether the costs of production in the exporter's records reasonably reflect competitive market costs. Therefore, the verification team has not calculated a normal value and has referred the calculation of the normal value to the case management team.

The verification team recommends that in the event the case team constructs normal values under 269TAC(2)(c), certain adjustments in accordance with section 269TAC(9) are necessary to ensure fair comparison of normal values with export prices as outlined in chapter 0 above.

11 DUMPING MARGIN

As detailed in chapter 10 above, normal values have not been determined as part of the verification process. As such, the verification team was not able to calculate a dumping margin in respect of the goods exported to Australia by Guangdong Jiangsheng for the period. The calculation of the dumping margin has been referred to the case management team and will be detailed in the Statement of Essential Facts.

12 APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 2	Cost to make and sell
Confidential Appendix 3	Normal Value
Confidential Appendix 4	Dumping Margin
Confidential Attachment 1	Verification work program